

**TRANSMITTAL OF APPEAL BRIEF (Small Entity)**Docket No.  
YUN-13402/03

In Re Application Of: Yuen

Serial No.  
09/607,606Filing Date  
June 30, 2000Examiner  
G. AkersGroup Art Unit  
3624

Invention: INTERNET-BASED AUCTION METHOD

TO THE ASSISTANT COMMISSIONER FOR PATENTS:

Transmitted herewith in triplicate is the Appeal Brief in this application, with respect to the Notice of Appeal filed on:  
June 2, 2003

Applicant is a small entity under 37 CFR 1.9 and 1.27.

A verified statement of small entity status under 37 CFR 1.27:

- ☐ is enclosed.
- ☐ has already been filed in this application.

The fee for filing this Appeal Brief is: \$160.00

- ☒ A check in the amount of the fee is enclosed.
- ☐ The Commissioner has already been authorized to charge fees in this application to a Deposit Account. A duplicate copy of this sheet is enclosed.
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Dated: August 4, 2003

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS AND INTERFERENCES

Applicant: Henry C. Yuen

Serial No.: 09/607,606

Group Art Unit: 3624

Filing Date: June 30, 2000

Examiner: Geoffrey R. Akers

Title: INTERNET-BASED AUCTION METHOD

**APPELLANT'S BRIEF UNDER 37 CFR §1.192**

Mail Stop Appeal Brief  
Commissioner for Patents  
PO Box 1450  
Alexandria, VA 22313-1450

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Dear Sir:

**I. Real Party in Interest**

The real party and interest in this case is Henry C. Yuen, inventor and Appellant.

**II. Related Appeals and Interferences**

There are no appeals or interferences which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**III. Status of Claims**

The present application was filed with 7 claims. Claims 8 and 9 were added in May 2002. Claims 1, 4-5 and 7 have been canceled. Claims 2-3, 6, and 8-9 remain pending and are under appeal.

**IV. Status of Amendments Filed Subsequent  
Final Rejection**

No after-final amendments have been filed.

**V. Concise Summary of the Invention**

A method and system enable users to purchase goods and services at an optimal price using a

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reverse auction process (Specification, page 13, lines 2-3). The preferred approach incorporates two phases: first, the process determines the most favorable advertised price for the item sought, based on a search and review of multiple vendors offering the item for sale (Specification, page 13, lines 3-5). Second, the process negotiates a sale price lower than the most favorable advertised price by soliciting bids from multiple vendors of the item, where each bid represents an offer for sale of the item at a price lower than the most favorable advertised price (Specification, page 13, lines 5-8). The purchaser selects a bid received from the pool of vendors, and the process generates a purchase order to the vendor corresponding to the selected bid for the item (Specification, page 13, lines 8-10).

#### **VI. Concise Statement of Issues Presented For Review**

1. Are claims 2-3, 6, and 8-9 unpatentable under 35 U.S.C. §103(a) over U.S. Patent No. 5,890,138 to Godin, and further in view of U.S. Patent No. 5,754,938 to Herz?

#### **VII. Grouping of Claims for Each Ground of Rejection Which Appellant Contends**

Appellant believes the following groups of claims represent patentably distinct inventions which should be given independent consideration on appeal:

Group I: Claims 2, 3 and 8, wherein claims 2 and 3 stand or fall with claim 8; and

Group II: Claims 6 and 9, wherein claim 6 stands or falls with claim 9.

#### **VIII. Argument**

##### A. Group I – Claims 2, 3 and 8, wherein claims 2 and 3 stand or fall with claim 8.

Claim 8 stands rejected under 35 USC §103(a) as unpatentable over U.S. Patent No. 5,890,138 to Godin in view of U.S. Patent No. 5,754,938 to Herz. Independent method claim 8 includes the steps of conducting a search over a computer network to determine the most favorable advertised price for the goods or services; obtaining the most favorable advertised price for goods and services from a first set of multiple vendors; and using the most favorable advertised price for goods and services to solicit bids over

the network from a second set of multiple vendors to obtain a price for the goods and services which is lower than the most favorable advertised price.

Thus, Appellant's invention provides a user with a method of obtaining a desired item at a price lower than the most favorable advertised price through the initiation of a reverse auction process involving several vendors offering the desired item for sale. In this matter, the burden of participating in the competitive bidding process is shifted to the sellers without the purchaser risking the loss of the benefit of obtaining the desired item at the lowest possible price.

The steps recited in claim 8 are not suggested by the combination of Godin et al. and Herz et al. Godin et al. describe a "typical" reverse auction process that includes additional features to register and remove purchasers to and from the bidding process. The method assigns a designated time for which each product offered is to be auctioned. At the start of the designated time, the auction begins and continues until a fixed period of time is expired. During the auction, a starting price and quantity of the item being auctioned, both being predetermined by the vendor, are displayed and decreased as the time remaining in the auction decreases and purchases are made, respectively. Godin et al. makes no suggestion of obtaining a most favorable advertised price of the desired item and then allowing a purchaser to initiate a reverse auction process in which vendors are polled to solicit bids for sale of the requested item at a price lower than the most favorable advertised price.

Herz et al., on the other hand, is directed to an automated search system that enables a user to access information of relevance and interest without requiring the user to expend an excessive amount of time and energy searching for the information. The invention of Herz et al. relates to customized, electronic identification of desirable objects such as news articles in an electronic media environment. The system automatically constructs both a "target profile" for each "target object" in the electronic media database and a "target profile interest summary" for each user, which describes the user's interest level and various types of target objects. The target profile for each target object may be based, for example, on the frequency with which each word appears in a news article relative to its overall frequency of use. The system then evaluates the target profiles against the user's target profile interest summaries to generate a user-customized rank or listing of target objects most likely to be of interest to each user so that the user can select from among these potentially relevant target objects which were automatically selected by the system from the plethora of target objects that are profiled on the

electronic media. There is no suggestion in Herz et al. to construct a computer-network-based auction system or process.

It is well established that "[o]bviousness may not be established using hindsight or in view of the teachings or suggestions of the invention." Para-Ordnance Mfg. Inc. v. SGS Importers Int'l Inc., 73 F.2d at 1087, 37 USPQ2d at 1239 (citing W.L. Gore & Assoc., Inc. v. Garlock Inc., 721 F.2d at 1551, 1553, 220 USPQ at 311, 312-313). Rather, in rejecting claims under 35 U.S.C. §103, the Examiner must provide a reason why one having ordinary skill in the pertinent art would have been led to combine references to arrive at Applicant's claimed invention. Moreover, there must be something *in the prior art* that suggests the proposed modification, other than the hindsight gained from knowledge that the inventor choose to combine these particular things in this particular way. Uniroyal Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 USPQ2d 1434, 1438 (Fed. Cir. 1988). The Examiner is further required to make specific findings on a suggestion to combine prior art references. In Re Dembeczak, 175 F.3d 994, 1000-01, 50 USPQ2d 1614, 1617-19 (Fed. Cir. 1999).

It would not have been obvious for one having ordinary skill in the art to combine the teachings of Godin et al. with Herz et al. in a manner that would suggest Appellant's claimed invention as a whole. Neither Godin et al. nor Herz et al. suggest such a combination. Moreover, even if such combination were permissible, the two cited references would not result in the inventive computer-network-based auction method wherein a purchaser is able to obtain pricing information for an item from a broad selection of vendors offering that item; determine a lowest price from the obtained pricing information, and negotiate a final price lower than the lowest price obtained in the pricing information thus gaining the ability to purchase the item at the lowest possible price in a broad market scheme. It would not have been obvious to fashion a reverse auction process that provides the beneficial result of relieving the purchaser from actively participating in the competitive bidding process without the risk of losing the chance of obtaining the desired item at the best possible price.

**B. Claims 6 and 9, wherein claim 6 stands or falls with claim 9.**

Claim 9 also stands rejected under 35 USC §103(a) as unpatentable over Godin et al. in view of Herz et al. While perhaps somewhat similar in scope to claim 8, claim 9 includes the limitations of obtaining a posted price associated with the goods and services from a first set of multiple vendors over the

Internet; determining a lowest posted price of the posted prices; submitting a starting bid over the Internet which is lower than the lowest posted price; collecting one or more reverse bids from a second set of multiple vendors over the Internet, wherein each reverse bid represents a price which is lower than the starting bid; selecting a final bid from among the reverse bids; and purchasing the goods or services using the final bid.

Thus, in extending the principles of claim 8, the invention of claim 9 includes the step of purchasing goods or services using a final bid obtained over the Internet as opposed to a more generalized computer network. Again, however, the burden of participating in the competitive bidding process is shifted to the sellers without the purchaser risking the loss of the benefit of obtaining the desired item at the lowest possible price.

The steps recited in claim 9 are not suggested by the combination of Godin et al. and Herz et al. Godin et al. describe a "typical" reverse auction process that includes additional features to register and remove purchasers to and from the bidding process. The method assigns a designated time for which each product offered is to be auctioned. At the start of the designated time, the auction begins and continues until a fixed period of time is expired. During the auction, a starting price and quantity of the item being auctioned, both being predetermined by the vendor, are displayed and decreased as the time remaining in the auction decreases and purchases are made, respectively. Godin et al. makes no suggestion of obtaining a most favorable advertised price of the desired item and then allowing a purchaser to initiate a reverse auction process in which vendors are polled to solicit bids for sale of the requested item at a price lower than the most favorable advertised price.

Herz et al., on the other hand, is directed to an automated search system that enables a user to access information of relevance and interest without requiring the user to expend an excessive amount of time and energy searching for the information. The invention of Herz et al. relates to customized, electronic identification of desirable objects such as news articles in an electronic media environment. The system automatically constructs both a "target profile" for each "target object" in the electronic media database and a "target profile interest summary" for each user, which describes the user's interest level and various types of target objects. The target profile for each target object may be based, for example, on the frequency with which each word appears in a news article relative to its overall frequency of use. The system then evaluates the target profiles against the user's target profile interest

summaries to generate a user-customized rank or listing of target objects most likely to be of interest to each user so that the user can select from among these potentially relevant target objects which were automatically selected by the system from the plethora of target objects that are profiled on the electronic media. There is no suggestion in Herz et al. to construct an Internet-based auction system or process.

It is well established that "[o]bviousness may not be established using hindsight or in view of the teachings or suggestions of the invention." Para-Ordnance Mfg. Inc. v. SGS Importers Int'l Inc., 73 F.2d at 1087, 37 USPQ2d at 1239 (citing W.L. Gore & Assoc., Inc. v. Garlock Inc., 721 F.2d at 1551, 1553, 220 USPQ at 311, 312-313). Rather, in rejecting claims under 35 U.S.C. §103, the Examiner must provide a reason why one having ordinary skill in the pertinent art would have been led to combine references to arrive at Applicant's claimed invention. Moreover, there must be something *in the prior art* that suggests the proposed modification, other than the hindsight gained from knowledge that the inventor choose to combine these particular things in this particular way. Uniroyal Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 USPQ2d 1434, 1438 (Fed. Cir. 1988). The Examiner is further required to make specific findings on a suggestion to combine prior art references. In Re Dembeczak, 175 F.3d 994, 1000-01, 50 USPQ2d 1614, 1617-19 (Fed. Cir. 1999).

It would not have been obvious for one having ordinary skill in the art to combine the teachings of Godin et al. with Herz et al. in a manner that would suggest Appellant's claimed invention as a whole. Neither Godin et al. nor Herz et al. suggest such a combination. Moreover, even if such combination were permissible, the two cited references would not result in an Internet-based auction method wherein a purchaser is able to obtain pricing information for an item from a broad selection of vendors offering that item; determine a lowest price from the obtained pricing information, and negotiate a final price lower than the lowest price using reverse bids; selecting a final bid from among the reverse bids; and purchasing the goods or services using the final bid. It would not have been obvious to fashion a reverse auction process that provides the beneficial result of relieving the purchaser from actively participating in the competitive bidding process without the risk of losing the chance of obtaining the desired item at the best possible price.

**Conclusion**

In conclusion, for the arguments of record and the reasons set forth above, all pending claims of the subject application continue to be in condition for allowance and Appellant seeks the Board's concurrence at this time.

Respectfully submitted,

By: \_\_\_\_\_

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**APPENDIX A**

**CLAIMS ON APPEAL**

2. The method of claim 8, wherein the network is the Internet.

3. The method of claim 8, wherein the step of conducting a search over the network includes the use of an existing search engine.

6. The method of claim 9, wherein the step of conducting a search over the network includes the use of an existing search engine.

8. A method of purchasing goods and services over a computer network, comprising the steps of:

- conducting a search over the network to determine the most favorable advertised price for the goods or services;
- obtaining said most favorable advertised price for goods and services from a first set of multiple vendors; and
- using the most favorable advertised price for goods and services to solicit bids over the network from a second set of multiple vendors to obtain a price for the goods and services which is lower than the most favorable advertised price.

9. A method of purchasing goods and services over the Internet, comprising the steps of:

- obtaining a posted price associated with the goods and services from a first set of multiple vendors over the Internet;
- determining a lowest posted price of the posted prices obtained in the previous step;
- submitting a starting bid over the Internet which is lower than the lowest posted price;
- collecting one or more reverse bids from a second set of multiple vendors over the Internet,

wherein each reverse bid represents a price which is lower than the starting bid;

- selecting a final bid from among the reverse bids; and

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purchasing the goods or services using the final bid.